

# EXHIBIT C

Cleetus McHenry 4/6/2017

IN THE DISTRICT COURT OF THE UNITED STATES  
FOR THE EASTERN DISTRICT OF NORTH CAROLINA  
SOUTHERN DIVISION

UNITED STATES, ex rel.  
RICKEY HOWARD, BRINGING  
THIS ACTION ON BEHALF OF  
THE UNITED STATES OF  
AMERICA

PLAINTIFF

VS.

CASE NO. 7:11-cv-270-H

CADDELL CONSTRUCTION  
COMPANY, INC., an Alabama  
Corporation; W.G. YATES &  
SONS CONSTRUCTION  
COMPANY, a Mississippi  
Corporation and JULIAN  
MARIE BRESLOW

DEFENDANTS

DEPOSITION OF CLEETUS MCHENRY

Taken at the instance of the Plaintiffs, at Phelps  
Dunbar at 4270 I-55 North, Jackson, Mississippi, on  
Thursday, April 6, 2017, beginning at 9:00 a.m.

REPORTED BY: Robin G. Burwell, CSR #1651  
Brooks Court Reporting, Inc.  
12 Lakeland Circle, Suite A  
Jackson, Mississippi 39216

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1 6:08 p.m.

2 Q. (By Mr. Rabon) Mr. McHenry, we've talked  
3 a bit about a Mark Smith, who was the vice president  
4 over the Jackson office. And that he at some point  
5 left and did a project in Mexico.

6 A. He left Jackson.

7 Q. He left Jackson. Do you not know where he  
8 went after that?

9 A. Yes, I do.

10 Q. Where did he go?

11 A. He remained with Yates. He basically gave  
12 up being the division manager in Jackson to go and  
13 open a office in Mexico to build a large Nissan  
14 plant.

15 Q. What was his job -- what was his rank or  
16 title down there?

17 A. The same. My understanding it was the  
18 same. It was a lateral move.

19 Q. Was he invited to go down there?

20 A. I believe so.

21 Q. And at some point, though, he's left the  
22 company?

23 A. Well, after he finished in Mexico, he went  
24 out to Nevada on a -- I believe it was called  
25 Project Tiger or Project X, which was the -- what's

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1 the battery operated car?

2 Q. Tesla?

3 A. Tesla. Rebuild the Tesla facility as  
4 program manager out there. So he went out and did  
5 that and that -- once we helped them get that  
6 project started, they decided that instead of  
7 staffing it up with Yates people, they wanted to  
8 hire people on their side. So we acted as a program  
9 manager through that transition period. I think  
10 they stayed out there a couple of years, maybe. And  
11 we may even still have somebody out there.

12 Q. So that battery plant construction project  
13 started as a Yates project but then it was handed  
14 over to the owner?

15 A. Well, Yates was -- we were hired as  
16 program managers not as construction managers or  
17 contractors was my understanding. So we provided  
18 professional staff, project managers,  
19 superintendents in that capacity not as -- I don't  
20 think Yates held any of the subcontracts on that  
21 project.

22 Q. And did Mr. Smith then go to work for the  
23 owner at that point?

24 A. No, he didn't.

25 Q. Did he -- what were the circumstances of

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1 him leaving Yates all together?

2 A. My understanding is that -- and this is  
3 speculation. My understanding is that Mark wanted  
4 to go to work on one of the big projects in Vegas  
5 that we actually chased as a contractor, and we were  
6 not successful on that. And shortly after, he went  
7 to work with the company that was successful.

8 Q. Do you know the name of that company?

9 A. I believe it's AE Com.

10 Q. AE Com?

11 A. Yes.

12 Q. You testified earlier -- I asked you about  
13 in current government projects that Yates is  
14 involved with, either singularly or as a joint  
15 venture, does it continue to do business through  
16 subcontractors who were paid a one or two or  
17 two-and-a-half or three percent fee to be involved  
18 in a contract that is performed by a large business.  
19 You said we don't do business by that method anymore  
20 or words similar to that. Do you recall that  
21 testimony?

22 A. I don't think I said that, but I said  
23 something similar to that.

24 Q. You used the word method. Method was a  
25 word that you used.